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## Editorial

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## 1 Introduction

The title of this special issue ‘governance and sustainability’ is constituted by two important actual concepts for the world as a whole, individuals and organisations, because they have to take decisions in these two matters that will affect, in more or less depth, the course of the world development.

We can say that these two concepts can influence each other and the sustainability of the business is more and more dependent of good decisions in governance and/or sustainability. For that reason, a set of seven papers are presented, addressing the theme of this special issue, covering different approaches to and presenting research results on governance and sustainability.

Firstly, in this editorial, we will begin with a discussion on the relevance and the actuality of the theme as well as their implications for the organisations. After that, we follow with a global view on the special issue’s contents. The papers included in this special issue represent contributions in three main fields: the first related to the measures to support good governance, the second related to contributions for sustainable development, and the third one related with the governance for sustainability. Within the framework of each field we give a short description of each paper included in this issue, and the each paper’s main contribution is highlighted. Finally, a brief summary and acknowledgments are given.

## 2 Importance of the theme and its implications for the organisations

The relevance of this special issue theme is quite perceived by the most important international organisations, several countries government, several CEO companies, principally in the multinational ones, for the researchers, and of course for the individuals, at the ‘end’ of the ‘structure’, that always feels the consequences of the measures taken. Bevir (2012) in his book of *Governance*, says even that the term governance is ubiquitous because the important international organisations are worried with the implementation of measures for good governance. For example: the World Bank and the International Monetary Fund make loans conditional on ‘good governance’; United Nations (<http://www.un.org/en/globalissues/governance>) states that governance is considered good and democratic to the degree in which a country’s institutions and processes are transparent; The European Union issued a White Paper on ‘Governance’ in 2001 (European Commission, 2001). About sustainability we could say the same about its character of ubiquity and about its importance for the organisations. Nidumolu et al. (2009) explain why sustainability is now the key driver of innovation according with their study of sustainability initiatives of 30 large corporations. Almeida et al. (2016) say even that it is common to ignore the interdependence of the sustainability pillars for short periods of time, but history has shown that before long, mankind is reminded of it through some types of alarms or crisis. Booth concepts, governance and sustainability, are in the world agenda, are cross-disciplinary and many times are correlated. It means that good governance can induce good practices of sustainability and vice versa.

This special issue intends to give a contribution in the fields of governance, sustainability, and governance and sustainability, not merely academic, but applicable to the organisations and society, as it will be exposes when the contents and contributions of the papers will be presented in the next section.

### 3 Issue's contribution

In this section, we summarise the contribution of the seven papers of this volume along the context in which they fall. The papers' contributions could be classified in three main fields: the first related to the measures to support good governance, the second related to contributions for sustainable development, and the third one related with the governance for sustainability.

The contributions of Fonseca et al. 'Stakeholders satisfaction and sustainable success'; Bentes 'An entropy-based approach to stock market volatility: evidence from the G7's market indices'; and Leão et al. 'Corporate governance determinants in emerging markets: evidence from Brazil', are classified within the first field (measures to support good governance).

The papers of Almeida et al. 'Sustainability assessment framework for proactive supply chain management' and Sousa et al. 'A location problem in the field of wind energy', are classified within the second field (contributions for sustainable development), and the remaining papers, Lameira et al. 'CO<sub>2</sub> emissions, energy and country governance' and Sereno et al. 'Governance of sustainability in tourism', are classified within the third field (governance for sustainability).

The first field, measures to support good governance, is more directed to new studies that can bring and influence new forms to perform good governance in the organisations. Normally, this kind of governance inside the organisations is identified as corporate governance but the use of term governance alone could be correct too and could be more inclusive. About the meaning of good governance we share the meaning of the Australian Stock Exchange Governance Council (2003), that says that there is no single model of good corporate governance, but its structure encourage companies to create value (through entrepreneurship, innovation, development and exploration) and provide accountability and control systems commensurate with the risks involved. In this way, the papers of Fonseca et al. (2016) and Leão et al. (2016) are addressing the value creation structure, and the paper of Bentes (2016) is addressing the control systems commensurate with the risks involved.

The second field, contributions for sustainable development, is associated with new contributions for the pillars of sustainability. The paper of Almeida et al. (2016) integrate the pillars of the economic, the social, and the environmental, and the paper of Sousa et al. (2016) contribute with improvements to the environmental pillar.

The third field, governance for sustainability, as the name suggest, is more dedicated to the links between the two concepts, i.e., measures of governance that directly will contribute to the sustainability improvement. The paper of Lameira et al. (2016) gives a contribution for country governance attend the CO<sub>2</sub> emissions and energy use, and the paper of Sereno et al. (2016) research the governance of sustainability tourism.

#### 3.1 Measures to support good governance

The paper of Fonseca et al. (2016) establishes and proves statistically, based on the survey data conducted under certain conditions to a large number of Portuguese managers, the positive correlation between stakeholders satisfaction and the sustainable success, legitimating Freeman's (1984) stakeholder theory. The importance of shareholders, partners/suppliers, employees and customers satisfaction for organisational

sustainable success is highlighted in this study. In general, the relationship that here is proved is important for the society as the whole. However, it will surely bring future changes in the attitude of the organisations managers, passing to understand that sustainable success depends on stakeholders' satisfaction. But this requires that top management actively leads this approach and that the governance bodies of the organisations support and check that this really happens.

The paper of Bentes (2016) examines the adequacy of entropy in assessing stock market volatility. To this end, the author compared the traditional approach in finance based on the standard deviation with the entropy method, namely with Shannon (1948), Renyi (1961) and Tsallis (1988) entropies. A sample based on the daily returns of the G7's major stock market indices: TSX 60 (Canada), CAC 40 (France), DAX 30 (Germany), MIB 30 (Italy) NIKKEI 225 (Japan), FTSE 100 (UK) and S&P 500 (USA), from January, 4th 1999 to January, 21st 2009, were used in order to capture the volatility dynamics. The results showed the limitations of the standard deviation-based approach in fully characterising volatility and highlight the potentialities of entropy as a measure of uncertainty and risk. For the moment, it is important to say for the Governance Bodies that, irrespective of the specific measure, adopting the use of entropy allows better insights over the identification of volatile markets by representing them more clearly.

The paper of Leão et al. (2016) studies the possible determinants of the adoption of good corporate governance practices by firms operating in countries where such practices are not required by law. The study was accomplished in Brazilian firms listed on the São Paulo Stock Exchange Market between 2003 and 2008. This study is new for Brazilians companies and confirms what was stated by Durnev and Kim (2005) for emerging markets. They demonstrated that three firm-level factors may influence the quality of corporate governance practices in countries: growth opportunities, external financing needs and ownership concentration. The study is very robust, either by the sample of companies taken, either by the statistical techniques used. This kind of studies is of huge importance for the companies, economists, enterprise managers, and investors since it offers results/knowledge ready to be used and applied by them in the area of the good governance. The research presented in this paper is in favour of the market stakeholders.

### *3.2 Contributions for sustainable development*

The paper of Almeida et al. (2016) presents a new framework/model to assess the sustainability of a supply chain system. The different levels of the model are presented in a detailed way with adequate theoretical and practice justifications. The main concept and vision of a set of key sustainability indicators, are presented, as means to evaluate the longer-term implications of current decisions and behaviours in supply chains. This research brings new ideas for the assessment of the supply chains as a whole and considers the sustainability in the three dimensions, environmental, social, and economical, an important issue of the present. The impact/utility of the research can be very import for the supply chain stakeholders, especially for networked organisations such as supply chain enterprises, where the sustainability issues arises as relevant in performance evaluation and risk assessment for the survival of the network.

The paper of Sousa et al. (2016) paper presents a new methodology and results concerning a problem that arises in the planning of wind farms: the location of meteorological masts for performance analysis. The authors developed a new

optimisation model embedded into SADLEMPE, to assist on the location decision of the meteorological masts. Since the importance of such decision is critical for the performance of the turbine on the farm the optimal location of these masts allows the maximisation of the dominant wind exposure and the minimisation of the number of disturbed sectors. The results are promissory and bring real contribution to the environmental dimension of the sustainability because it permits immediate application in the field of the wind turbines farm project.

### 3.3 Governance for sustainability

The paper of Lameira et al. (2016) presents a study on the relationship between national governance and the improvement of environmental and energy conditions. This investigation was based on a sample of data composed of variables from 54 countries, from 2000 to 2008, available at the World Bank website, and the data was treated through adequate statistical methods, namely with the methods of linear regression with panel data and structural equations. Two hypotheses were formulated:

- 1 there is a negative relationship between higher countries' levels of governance and indicators of better environmental behaviour, explained by low CO<sub>2</sub> emissions
- 2 there should be a positive relationship between higher levels of governance and higher energy consumption and higher electricity consumption; and constructed the models in order to prove them, which (the hypothesis) were confirmed through the study results.

So, citing the authors "it is possible to associate the growth of governance levels of the states with diminishing CO<sub>2</sub> emissions and with increased access to energy sources and a clean energy supply". This conclusion deserves to be internalised by the rulers in order to fuse measures to improve the sustainability.

The paper of Sereno et al. (2016) focuses on the 'Governance of sustainability in tourism' for the hotel industry in the framework of the following research questions: Which are the challenges that the hotel service is about to face in order to become sustainable? How must the hotel service behave to meet the increasing demand of more exigent tourists concerning to the sustainability and the specialised services? Which are the governance guidelines for the hotel service? Through a bibliometric study the authors proposed a governance of sustainability model on three levels, i.e., on strategic, tactical, and operational level, as well as the measures described as 'cross-levels' guidelines for hotel industry. And after, there were presented the guidelines for the governance of sustainability in the hotel industry. These guidelines can surely be helpful for a more effective and efficient governance of sustainability in the hotel industry, but may also be extrapolated for another areas of the tourism sector.

## 4 Summary

To summarise this editorial, we attempted to briefly chart out some developments in related areas of governance and sustainability. As this field is a 'never ending story', novel questions and problems stem requiring equally novel solutions.

At the end, the guest editors hope, and would like, that this special issue will be useful, meeting the expectations of the authors and wider readership and serving for enhancing the individual and collective learning, theoretical insight and practical applications, and to incentive further scientific development and creation of new papers.

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